

TIDEWATER UTILITIES, INC.

"Southern Delaware's Premier Water Company Since 1964"

November 14, 2014

Via Federal Express

Ms. Alisa C. Bentley
Secretary
Public Service Commission of Delaware
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

Re: **In the Matter of the Application of Tidewater Utilities, Inc. for
the Approval of the Semi-Annual Adjustment to the
Distribution System Improvement Charge (DSIC) Pursuant
to 26 Del. C. § 314 (b) (5)**

Dear Ms. Bentley:

In accordance with Delafile Phase I instructions, enclosed herewith is one original Tidewater Utilities, Inc. application for an adjustment to the Distribution System Improvement Charge pursuant to 26 Del.C. § 314 (b) (5). An electronic copy has been submitted by e-mail to Delafileadmin@state.de.us. Enclosed is a check in the amount of \$100 payable to "State of Delaware" to cover the filing fee as required.

Please have this docketed as appropriate pursuant to the Rules.

If you have any question regarding this application, please contact me at (732) 638-7502.

Sincerely,



A. Bruce O'Connor
Treasurer

Enclosures

cc: David Bonar, Delaware Public Advocate (Electronic Delivery)
Robert Howatt (Electronic Delivery)
Connie McDowell (Electronic Delivery)



STATE OF DELAWARE
THE PUBLIC SERVICE COMMISSION
CANNON BUILDING
861 SILVER LAKE BLVD., SUITE 100
DOVER, DELAWARE 19904

TELEPHONE: (302) 739-4247
TELECOPIER: (302) 739-4849

FILING COVER SHEET

1. NAME OF APPLICANT: Tidewater Utilities, Inc.
2. TYPE OF FILING:
- | | |
|----------------------|-------------------|
| RATE CHANGE | <u>X</u> |
| FUEL ADJUSTMENT | <u> </u> |
| ADMINISTRATIVE | <u> </u> |
| CPCN | <u> </u> |
| NEW SERVICE OFFERING | <u> </u> |
| OTHER | <u> </u> |

IF A TELECOMMUNICATIONS FILING, WHAT TYPE OF SERVICE IS IMPACTED:

BASIC COMPETITIVE DISCRETIONARY

3. PROPOSED EFFECTIVE DATE: January 1, 2015

IS EXPEDITED TREATMENT REQUESTED? Yes NO

4. SHORT SYNOPSIS OF FILING Distribution System Improvement Charge

5. DOES THIS FILING RELATE TO PENDING DOCKETS: YES NO X

IF YES, LIST DOCKETS(S) NO(S):

6. IS PUBLIC NOTICE REQUIRED: YES NO X

IF YES, PLEASE ATTACH COPY OF PROPOSED PUBLIC NOTICE.

7. APPLICANT'S CONTACT PERSON:
- | | |
|---------|-------------------------------------|
| NAME: | <u>A. Bruce O'Connor</u> |
| TITLE: | <u>Treasurer</u> |
| PHONE: | <u>(732) 638-7502</u> |
| FAX: | <u>(732) 218-1126</u> |
| E-MAIL: | <u>aboconnor@middlesexwater.com</u> |

8. DID YOU PROVIDE A COMPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?

YES X NO IF YES, WHEN? By electronic mail (November 17, 2014)

9. FILING FEE ENCLOSED: AMOUNT: \$100.00

NOTE: House Bill 681, enacted into law 7/13/98, authorizes the Commission to recover the cost of time spent by in-house staff to process all filings initiated after the date of enactment. You may be required to reimburse the Commission for staff time.

Tidewater Utilities, Inc.

Vendor: STATE OF DELAWARE, PUBLIC SERVICE COMMISSIO DOVER-1

Invoice Number	Date	Description
SOD-TPSC 11/14	11/13/2014	FILING FEE-DSIC FILING

Amount
100.00

Check Number:

Date:

Discount
.00

10220141

11/13/2014

Paid Amount
100.00

TOTALS:

\$100.00

\$0.00

\$100.00

Tidewater Utilities, Inc.

and Affiliates
1100 South Little Creek Road
Dover, DE 19901

10220141

60-162/433

PNC Bank, N.A. 001
Jeannette PA

DATE

11/13/2014

AMOUNT

100.00

One Hundred Dollars And Zero Cents*****

Pay to the Order of: STATE OF DELAWARE, PUBLIC SERVICE COMMISSION
861 SILVER LAKE BOULEVARD
CANNON BUILDING, SUITE 100
DOVER, DE 19904



⑈ 10220141⑈ ⑆043301627⑆ 1014768752⑈

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF :
TIDEWATER UTILITIES, INC. FOR THE :
APPROVAL OF THE SEMI-ANNUAL : Docket No. 14-____
ADJUSTMENT TO THE DISTRIBUTION :
SYSTEM IMPROVEMENT CHARGE ("DSIC") :
EFFECTIVE JANUARY 1, 2015 PURSUANT TO :
DEL. C. § 314 (b) (5) :

Tidewater Utilities, Inc. ("Tidewater") a public water utility, regulated by the Delaware Public Service Commission ("Commission"), hereby petitions the Commission pursuant to 26 Del. C. § 314 (b) (5), for permission to reset its Distribution System Improvement Charge ("DSIC") effective January 1, 2015, which is no less than thirty (30) days from the date of this Application.

1. On November 25, 2013, Tidewater filed for permission to implement interim rates in connection with its application for a general increase in water rates, which included permission to set the DSIC rate to zero, effective for bills rendered on or after February 6, 2014. Tidewater's application received Commission approval on February 6, 2014, by Order No. 8522, PSC Docket No. 13-466.
2. Pursuant to 26 Del. C. § 314 (b) (5) Tidewater hereby requests Commission permission to reset its DSIC rate. The aforementioned section states that the DSIC rate shall be adjusted semi-annually for eligible distribution system improvements placed in service during the six month period ending two months prior to the effective date of changes in the DSIC rate. In this filing, Tidewater has included improvements placed in service for only the four month period July 1, 2014 through October 31, 2014. Eligible distribution system improvements placed in service during the two month period ending June 30, 2014 were previously included in the determination of base rates in PSC Docket No. 13-466.
3. Attached are Schedules No. 1, 1A and No. 2, which supports the development of the DSIC rate.

4. Also attached hereto as Schedule No. 3 is a draft Tariff Schedule of Rates, which reflects the proposed reset to the DSIC rate as January 1, 2015, arising in this Petition.
5. The proposed Tidewater customer rate adjustment, reflected by this application, is 0.31% and is expected to result in additional revenues of approximately \$36,691. The requested rate reset is less than a 5% increase in current rates of Tidewater customers and, as such, satisfies the requirements of 26 Del. C. § 314 (b) (7). Customers will be notified of this change with a statement that shall be printed on the first bill following the effective date of this change. The statement will indicate that the DSIC rate is 0.31% effective January 1, 2015.
6. Tidewater is prepared to provide the Commission with all reasonable information requested by the Commission with respect to this filing.
7. The utility contact person responsible for this Application is the signatory shown below.
8. The Division of Public Advocate has been served with a copy of this filing.

WHEREFORE, in light of the foregoing, Tidewater respectfully requests that the Commission enter an Order, pursuant to 26 Del. C. § 314 (b) (5), approving a semi-annual rate adjustment to the Distribution System Improvement Charge.

Respectfully Submitted,

TIDEWATER UTILITIES, INC.



A. Bruce O'Connor

Treasurer

C/O Middlesex Water Company

1500 Ronson Road

Iselin, NJ 08830-3020

Telephone: 732-638-7502

Facsimile: 732-218-1126

E-mail: aboconnor@middlesexwater.com

Date: November 14, 2014

Tidewater Utilities, Inc.
November 2014 DSIC Application to the PSC

Schedule 1: Development Of Rate And Supporting Data

	Current Filing 07/01/14 to 10/31/14
1 Net Utility Plant Additions (Schedule 2 and Schedule 2A)	\$ 321,189
2 Net Accumulated Depreciation Reserve Change (Schedule 2A)	43,432
3 Net Change in Rate Base (Sum of Lines 1 and 2)	<u>\$ 364,621</u>
4 Pre-Tax Rate of Return (Schedule 1A)	13.18%
5 Semi-Annual Pre-Tax Rate of Return (Line 4 divided by 2)	6.59%
6 Semi-Annual Investment Cost Recovery (Line 3 multiplied by Line 5)	\$ 24,029
7 Semi-Annual Depreciation Expense (Schedule 2A)	\$ 2,368
8 Semi-Annual DSIC Revenue Requirement (Sum of Lines 6 and 7)	<u>\$ 26,397</u>
8A (Over)/Under Collected DSIC Revenue (Schedule 1B)	\$ 10,294
9 Total Semi-Annual DSIC Revenue Requirement (Sum of Lines 8 and 8A)	<u><u>\$ 36,691</u></u>
10 Semi-Annual Projected Water Service Revenues (1/1/15-6/30/15)	11,700,000
11 Projected DSIC Rate Increase Percentage (Line 9 divided by Line 10)	0.31%
12 Maximum limitation in a twelve month period	5.00%
13 Overall limitation	7.50%

Tidewater Utilities, Inc.
November 2014 DSIC Application to the PSC

**Schedule 1A: Capital Structure Approved In Most Recent
General/Base Rate Case**

Capital Structure Utilized for Rate Setting in Order No. 8611, PSC Docket No. 13-466

	<u>%</u>	<u>Cost</u>	<u>Weighted Cost</u>	<u>Revenue Multiplier</u>	<u>Pre-Tax Cost</u>
Cost of Debt	49.04%	6.01%	2.95%	1.664525	4.91%
Common Equity	50.96%	9.75%	4.97%	1.664525	8.27%
	<u>100.00%</u>		<u>7.92%</u>		<u>13.18%</u>

Tidewater Utilities, Inc.
November 2014 DSIC Application to the PSC

Schedule 1B: Over/Under Collections From Previous DSIC Filings

<u>Docket No.</u>	<u>(Over)/Under Collection</u>
12-525	4,658
13-207	5,636
Total	<u>10,294</u> (1)

(1) Per PSC Order No. 8565.

Tidewater Utilities, Inc.
November 2014 DSIC Application to the PSC

Schedule 2: Projects Placed Into Service And/Or Retired

Utility Plant In Service from July 1, 2014 to October 31, 2014

<u>Project Name</u>	<u>Description of Project</u>	<u>TUI</u> <u>Account</u> <u>#</u>	<u>Amount</u> <u>applied for</u> <u>DSIC</u>	<u>Retirement</u> <u>Costs</u>
Rt. 26 Water Main	Replacement of water main due to DelDOT Rt. 26 road improvements.	206-334	\$ 366,989	\$ 45,800
	Total		<u>\$ 366,989</u>	<u>\$ 45,800</u>
	Net Total		<u><u>\$ 321,189</u></u>	

Tidewater Utilities, Inc.
November 2014 DSIC Application to the PSC

Schedule 2A: Net Accumulated Depreciation

Utility Plant In Service from July 1, 2014 to October 31, 2014
Net Additions to Plant and Depreciation Expense

	NARUC		Depreciation	Depreciation
	A/C #	Amount	Rate	Amount
Wells & Springs	314	\$ -	2.37%	\$ -
Pumping Structures & Improvements	321	-	3.12%	-
Electric Pumping Equipment	325	-	3.17%	-
Water Treatment Equipment	332	-	2.89%	-
Storage Facilities	342	-	1.61%	-
Mains	343	300,374	1.43%	4,295
Services	345	-	2.12%	-
Hydrants	348	20,815	2.12%	441
Total		<u>\$ 321,189</u> (1)		<u>\$ 4,736</u>
Semi-Annual Depreciation Expense				<u>\$ 2,368</u>

(1) - Net of associated retirements. See Schedule 2.

Accumulated Depreciation Reserve Change

Semi-Annual Depreciation Expense (above)	\$ (2,368)
Retirements (See Schedule 2)	45,800
Total	<u>\$ 43,432</u>

TIDEWATER UTILITIES, INC.

P.S.C. DEL. NO. 6

~~TWENTY FIRST~~~~TWENTIETH~~ REVISED PAGE NO. 25

CANCELING

~~TWENTIETH~~~~NINETEENTH~~ REVISED PAGE NO. 25

NOVEMBER 18~~25~~, 2014~~3~~

EFFECTIVE DATE: ~~JANUARY~~AUGUST 19, 201~~5~~4

7. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE:

In addition to the net charges provided for in items 1. and 2. of this Tariff Schedule of Rates, a charge of 0.~~31~~10% will apply to all charges for bills rendered on or after January ~~125~~, 201~~5~~4.

The above charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

8. BULK WATER CONTRACT SALES

- a) Ocean View – Under contract, the Town of Ocean View is charged \$4.8024 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Town of Ocean View water distribution system.
- b) Dover Air Force Base – Off Base Housing – Under contract, Dover Air Force Base Housing – Eagle Meadows/Heights is charged \$12.2609 per thousand gallons of consumption registered through the meter(s) at the interconnection with the Eagles Heights and Eagle Meadows Housing subdivision water distribution systems.
- c) Southern Shores – Under contract, Southern Shores Water Company is charged \$5.6116 per thousand gallons of consumption registered through the meter(s) at the interconnection with Southern Shores water distribution systems.